RDS Policy & Operations Update National Conference Call

September 29, 2005

RDS National Conference Call

Recent Guidance & Answers to Policy Questions

Jim Mayhew
Employer Policy & Operations Group
CMS

RDS - Recent CMS Guidance

- Federal Register Notice for Comments
- RDS Fact Sheets
- Updates to RDS FAQ’s Data Base

Recent Federal Register Notice

- Payment and Reconciliation Specifications and Instructions published in the Federal Register on 9/23/05

- Comments must be submitted to CMS by October 22, 2005

- Federal Register notice can be found at:

  http://a257.g.akamaitech.net/7/257/2422/01jan20051800/edocket.access.gpo.gov/2005/pdf/05-19070.pdf

RDS Fact Sheets

- Qualifying Covered Retiree for the Retiree Drug Subsidy
- The Retiree Drug Subsidy Appeal Process
- RDS Fact Sheets can be found on the RDS website at:
  - http://rds.cms.hhs.gov/news/fact_sheets/

RDS Recent FAQ's

- Question #5901 - How should rebates received by a plan sponsor be allocated to each qualifying covered retiree?
- Question #5482 - Can a group health plan disclose to the plan sponsor protected health information (PHI) for the retiree drug subsidy without an individual's authorization?
- Question #5278 – Can a plan sponsor treat identical coverage as a single benefit option even if the premium amount paid by one group of retirees differs from another group of retirees?
- RDS FAQ's are located at: http://rds.cms.hhs.gov/ (Click FAQ's on top of page)

“Hot Topics”: RDS Policy

- Creditable Coverage Update
  - Status of guidance for plan sponsors to submit creditable coverage documentation to CMS?
  - Can an employer use the safe harbor test for certification of creditable coverage if applying for the retiree drug subsidy?
  - Must a plan sponsor complete an attestation every year as part of the application process to continue receiving the subsidy?

- RDS Subsidy Payments to Employer
  - Can the subsidy be used for any purpose?
  - Does the Department of Labor consider the subsidy a plan asset?

“Hot Topics”: RDS Policy

- HIPAA Privacy Issues
  - Does submitting aggregated claims violate HIPPA Privacy laws?
  - What are employers to do if they are in a state with privacy laws more restrictive than HIPAA?
- Qualifying Covered Retirees
  - Can an employer receive a drug subsidy for Medicare eligible active employees?
  - Can an employer receive a drug subsidy for a Medicare eligible dependent of an active employee?
  - Can a subsidy be received for a COBRA participant?
- Can a non profit employer with exempt status receive the retiree drug subsidy?

“Hot Topics”: RDS Policy

- How will an employer know if a retiree applies to enroll in a Medicare Prescription Drug Plan in advance of their actual 65th birthday?
  - Should an employer add soon-to-be-age-65 retirees and dependents to the retiree list data file updates?
- If a plan member is temporarily traveling or residing overseas can the plan claim the subsidy on any foreign purchased prescriptions?
- Does a plan member have to reside in the United States to be eligible for the subsidy?

Retiree Drug Subsidy (RDS) Registration & Application Topics using the RDS Secure Web Site

Deb Weber – RDS Outreach Manager

Registration & Application Topics

- RDS Secure Web Site Roles
- Registration process
- Extensions
- Application information
- Application processing
- Appeals
- Email communications
- Payment

RDS Secure Web Site Roles

- Account Manager
- Authorized Representative
- Designee
- Actuary

User Roles – Authorized Rep

- Authorized Representative (AR) – Business Owner/ Officer or Trustee of Plan. Person ultimately responsible for all application(s) information. Required to agree/authorize compliance with RDS program requirements.

  - Chooses Account Manager
  - Authorized to perform all functions except establishing initial Plan Sponsor account and actuarial attestation
  - **Must** be employee of Plan Sponsor with authority (CFO, President/CEO, etc.)

User Roles – Account Manager

- Account Manager (AM) – Authorized Representative delegates all account management tasks to this person. Authority to do everything for AR *except* sign the Plan Sponsor Agreement and actuarial attestation.
  - Establishes Plan Sponsor Account
  - Identifies the AR for the Plan Sponsor
  - Manages account and application process
  - For security reasons, AR and AM must be different people
  - May be employee of, or agent for, Plan Sponsor (HR director/manager, consultant, etc.)

User Roles - Actuary

- Qualified Actuary – Member of the American Academy of Actuaries (AAofA). Sign attestation of plan's actuarial equivalence to Part D.
  - Designated on each application
  - When combining benefit options, a Qualified Actuary must attest to the Gross Value of *each* benefit option, and a Qualified Actuary must attest to the Net Value of the combined options.
  - When NOT combining benefit options, a Qualified Actuary must attest to *both* the Gross and Net Value of *each* benefit option.

User Roles – Designee(s)

- Designees – Assigned by AR or AM to perform specified functions.
  - Assigned on each application
  - Optional role
  - Assist filling out certain sections of the application
  - May be permitted to request payment, appeals
  - Cannot sign plan sponsor agreement
  - Cannot designate other designees

AM Registration Process

- AR selects an AM and gives them the authority to request the Plan Sponsor ID and “kick off” the process in the Secure Web Site
- AM comes to the RDS Center Web Site and requests Login ID, plan sponsor account, and identifies AR
- AM and Plan Sponsor are validated by RDS Center
- AM receives email indicating validation status
- Once approved AM can login to access Secure Web Site and begin application process

AM/AR Registration Process

- AR receives email to register for the Secure Web Site
- Completes and submits registration pages
- AR validated is by RDS Center
- Once approved login to Secure Web Site
- AM (or AR) begins application

Designee Registration Process

- Within the application process Designee assignments can be made (optional)
- Designee is assigned with specific privileges
- Email sent to Designee with link to registration pages
- Designee completes and submits registration pages
- Once approved login to Secure Web Site

Actuary Registration Process

- Once benefit options are defined, and question about benefit options being combined for the Net Value test question is completed, Actuary assignments can be made
- Email is sent to Actuary with link to registration pages
- Actuary completes and submits registration pages
- Immediate access to the Secure Web Site is available to AC once registration pages are submitted

Request new PS Account

- RDS Secure Web Site Home Page (after login)

Extensions – PY End 2006

- For applications with plan years ending in 2006, an automatic extension of the application submission deadline has been granted by CMS.
- All application materials (including retiree files) must be received by the RDS Center by October 31, 2005.
- Plan Sponsors do not have to start an application before September 30, 2005 in order to get the extension.
- We encourage Plan Sponsors to begin the application process as soon as possible.

Extensions – PY End 2007

- To request an extension of the application deadline for plan years ending in 2007 and beyond, you must use the RDS Secure Web Site.
- Additionally, the application would have to be started within 90 days of the beginning of the plan year for an extension consideration.

Plan Information

- Plan Year Begin/End Date
- Plan Name

Benefit Options

- Benefit Option Unique Identifier
- Benefit Option Name
- Benefit Option Type
- Company Name

Actuarial Attestations

- Combining Benefit Options to meet net test?
- Assign Actuaries as necessary
- If combining Benefit Options for Net Test, then assign actuary(s) by Benefit Option for Gross Test and an actuary for overall Net Test
- If not combining options, assign actuary by benefit option for Gross and Net Test

Payment Frequency

- Monthly – no more than 12 requests
- Quarterly – no more than 4 requests
- Interim Annual – no more than 1 request
- Annual – one request at time of reconciliation only

Note: Once submitted on an application, payment frequency *cannot* be changed

Federal Register Notice for Payment

- In the September 23, 2005 Federal Register, the Centers for Medicare & Medicaid Services (CMS) issued for emergency clearance the Retiree Drug Subsidy (RDS) Payment and Reconciliation specifications and instructions. Comments on the collection must be submitted to CMS by October 22, 2005.

- You may access the Federal Register notice <http://a257.g.akamaitech.net/7/257/2422/01jan20051800/edocket.access.gpo.gov/2005/pdf/05-19070.pdf>, and accompanying supporting statement and related forms at: <http://www.cms.hhs.gov/regulations/pra>.

Application Processing – Conditional

An application will be reviewed and conditionally approved based on the following requirements:

- Plan Sponsor is determined to be a valid entity
- Bank Account was validated
- No RDS system users involved in the application process were found to be debarred according the General Services Administration Debarment List or convicted of fraud or abuse per the Office of Inspector General Exclusion List
- Actuary(s) attesting to actuarial equivalence is a qualified member of the American Academy of Actuaries
- Meets timely filing requirements – 90 days prior to the beginning of the plan year unless an extension was granted

Application Processing – Final Approval

An application will be reviewed and reach final approval based on the following requirements:

- All previously-mentioned conditional criteria is met, and
- At least one qualifying covered retiree for which the Plan Sponsor is claiming subsidy is eligible

Appeals

- What can be appealed
- Who can submit an appeal
- What is the first level, second and third levels of appeal process
- Are there any other situations in which a decision could be over-turned
- What is good cause
- How can I appeal my denied application

Email communications

- When does the AR get an email?
- When does the AM get an email?
- When does a Designee get an email?
- When does an Actuary get an email?

AR Email communications

- AR application invite
- AR registration rejection/approval
- EFT information change
- Request for an appeal submitted
- Extension requested (PY2007)
- EFT rejection
- Application approval or denial
- Appeal decisions

AM Email communications

- AM application invite
- AR application invite
- AR registration rejection/approval
- Designee application invite
- Designee registration rejection/approval
- Actuary application invite
- EFT information change
- Request for an appeal submitted
- Extension requested (PY2007)
- EFT rejection
- Application approval or denial
- Retiree file received by RDS Center
- Appeal decisions

Designee Email communications

- Designee application invite
- Designee registration rejection/approval
- Actuary application invite
- EFT information change Request for an appeal submitted
- Extension requested (PY2007)
- EFT rejection
- EFT rejection
- Application approval or denial
- Appeal decisions
- Notification application is complete and ready for submission

Actuary Email communications

- Actuary application invite

Subsequent Plan Years

Retiree File Submission

Pat Ambrose - RDS IT Director

Information Sources

RDS Center Web Site - http://rds.cms.hhs.gov

- Retiree File Layouts – As of August 30, 2005
  - Download from How to Apply
- RDS Secure Web Site Mailbox Fact Sheet
  - News>>Fact Sheets
- FAQs
- Download presentations from RDS National Conference
  - Events>>National Conference (July 2005 Calendar)
- Retiree File Excel Template
  - Coming soon
  - Use to create CSV file – CANNOT send Excel files

RDS Center Help Line – (877) RDS-HELP

- Ask for EDI Representative

Data Field Information

- **HICN/SSN must be for the actual Medicare Beneficiary for which the subsidy is claimed. If this is a dependent of the retiree who is the subscriber, you CANNOT submit the HICN/SSN of the subscriber**
- HICN
  - Medicare Health Insurance Claim Number
  - Unique identifier for beneficiary found on Medicare Card
- Unique Benefit Option Identifier
  - User defined identifier for the benefit options on the application
  - Must match one from the application
  - Usually the Rx group number assigned by benefit option administrator but doesn’t have to be if not unique or encompassing

Initial Retiree Files

- Must be one combined file
- Must have one qualifying, covered retiree for application approval (not one for each benefit option)
- For applications with plan years ending 2006, file is due by October 31, 2005
- AM will receive email when file is received
- May submit application online before or after retiree file is sent
- Don’t forget those leading zeroes in the application ID!

Initial Retiree Files (cont.)

- **Testing**
  - None for HTTPS upload to Secure Website
  - Mainframe to Mainframe connectivity and basic file/data element format only
  - VDSA testing conducted by COB Contractor
  - RDS Center will work with you to resolve file format problems
- **What if you don’t yet have the SSN/HICN for a retiree?**
  - Send retiree on monthly update file as an ADD once obtained – changes to subsidy period are retroactive

Initial Retiree Files (cont.)

- **What if open enrollment occurs between 10/31/2005 and 1/1/2006?**
  - Send current benefit option on initial file
  - Send changes on monthly update file
  - If moving from one benefit option to another, send DEL for old BO and ADD for new BO
- **What if a retiree is not eligible now but will be by 1/1/2006?**
  - Send on initial file – RDS will know 90 days in advance of Medicare eligibility in most cases
  - If initially rejected, send on subsequent update file

Monthly Update Files

- Begin sending 30 days after initial response file processed – can start sending before 1/1/2006
- Continue to send updates until reconciliation which can be 15 months after the end of plan year
- No need to send unless there are changes
- Must be adds, deletes, updates – no full file replacement

Monthly Update Files (cont.)

- Multiple monthly update files will be accepted for one application from different vendors
  - NOT allowed for the upload to the secure website – must send combined file there
  - ONLY allowed for the mainframe to mainframe option
  - Send only on monthly basis, not more often
  - No multiple files for initial list
  - Multiple responses will be sent to whomever sent the update file
  - Will need to add a vendor ID to the Mainframe to Mainframe option (Connect:Direct) for file names – RDS will contact each plan sponsor/vendor affected – no layout change needed

Response Files

- Initial response – 3 to 5 business days after conditional approval
- Monthly update response – 3 to 5 business days after submission
- Plan sponsor/benefit option administrator must store the subsidy periods returned to calculate cost data
- Sent back the way the retiree file(s) came in (secure website mailbox, MF to MF, or VDSA)
- If posted to website (mailbox), the Authorized Representative, Account Manager and designees with permission can download

Handling Rejections

- **Late filing or not one qualifying, covered retiree**
  – Entire file rejected
  – Application will be denied, may appeal application decision
- **Invalid data**
  – Some records accepted, some rejected
    - Correct data and resend as ADDs
  – Entire initial file rejected – RDS will contact plan sponsor
    - Correct data and resend
- **Not eligible/entitled for Medicare**
  – If future eligible, resend record as ADD closer to eligibility date

Handling Rejections (cont.)

- Report problems with individual rejections to RDS Center
- Appeal for an individual retiree record is not required at this time
- RDS will research and resolve
- Continue to send record as ADD until resolution
- Appeal functionality for individual retirees rejected (on approved applications) will be available January 2006

Notifications

- Will start to receive on 11/15/2005
- Same response file layout using special reason codes
- Will be sent on separate files the way retiree files came in
- Will be returned to plan sponsor or vendor that last sent the retiree record for applicable subsidy period

Notifications

- Retiree tries to enroll in Part D and initially rejected
  - Outreach/education
  - No change to subsidy period
  - May add functionality to post these daily to the website but no definite date
  - Will create these notifications daily

Notifications

- Changes to Retiree Part A entitlement or Part B enrollment
  - Includes retiree death notifications
  - Changes to subsidy period dates will be sent for terminations and period shortening
  - Messages to resubmit retiree if subsidy period could be added or increased
  - Will notify if beneficiary who was previously rejected may now be eligible ONLY IF Medicare had retiree in system when original record sent

Other Information

- **RDS can accept CSV files beyond the limit imposed by MS Excel (65K)**
- **Can change your file submission anytime**
  - Responses always go back the way they came in
- **Security**
  - RDS System complies with strict standards set by CMS
  - Data is stored behind 2 firewalls
  - Independent security evaluation, penetration and vulnerability testing completed
  - http://cms.hhs.gov/it/security for more information

Other Information (cont.)

- File naming conventions
  - Upload to secure web site
    - User-defined but, name should include application ID, vendor if applicable, and date
    - No spaces
    - response file will be the filename sent in (spaces replaced with X's) in the outbound mailbox
  - MF to MF
    - PRDS.BA.RDSRL.Axxxxx.Byyyyy(+1), where xxxxx = the first five bytes of your Plan Sponsor ID or vendor ID (assigned by RDS) and yyyyy = the last five bytes of your Plan Sponsor ID
- AR only signs the application – no signature required for each retiree file
- Must login to RDS Secure Web Site to upload
  - Only once though – select application mailboxes from dropdown

RDS Center Help Line

- http://rds.cms.hhs.gov
- (877) RDS-HELP or
- (877) 737-4357
- (877)RDS-TTY0 or
- (877) 737-8890